



CITY OF DURHAM | NORTH CAROLINA

Date: November 21, 2011

To: Thomas J. Bonfield, City Manager

Through: Keith Chadwell, Deputy City Manager

From: Kevin Dick, Director – Director, Office of Economic and Workforce Development
Christopher Dickey, Senior Manager - Economic Development
Peter Coyle, Cultural and Business Initiatives Coordinator

Subject: Amendment to the Building Improvement Grant Contract with Empire Alliance Properties, LLC

Executive Summary

This item recommends the approval of a contract to amend the agreement between Empire Alliance properties, LLC and the City of Durham related to the Building Improvement Grant awarded to N. Cole Williams on January 18, 2011.

Recommendation

After analyzing a request from Empire Alliance Properties to extend the completion deadline for his Building Improvement Grant to March 31, 2012, the Office of Economic and Workforce Development (OEWD) recommends that the City Council authorize the City Manager to enter into a contract to amend the agreement between Empire Alliance Properties, LLC and the City of Durham related to a Building Improvement Grant awarded on January 18, 2011 that would extend the deadline for completion to March 31, 2012.

Background

On January 18, 2011, the City Council approved a Building Improvement Grant of \$75,000.00 for economic incentive improvements to a building located at 320 E. Chapel Hill Street, in Durham, in the Parrish Street Project Area.

Issues and Analysis

In a letter dated November 1, 2011, Empire Alliance Properties, LLC informed OEWD that it will be unable to complete the building improvement project by

January 18, 2012, the completion date provided in the original Agreement. In the letter, the company provided the following reasons:

Since our grant was awarded and we entered into our contract much has evolved for our project, all for the better. Of significant discovery was learning that tenant interest has led us to believe having two smaller ground floor retail spaces better serves their needs.

In response we have redesigned the building to accommodate that. We now have two suites at street level, a full floor available on the second floor, targeted at "Stampede" type companies and startups, while the third floor remains a residential property.

Empire Alliance informed OEWD that the redesign of the first and second floor levels of the building to accommodate the interests of tenants that appear ready to sign lease agreements resulted in a delay which will add approximately six weeks to the estimated completion of the project.

The improvement of the building at 320 E. Chapel Hill Street will contribute to goals of the Parrish Street Project Area and to economic development in Downtown Durham. Although one of the objectives of the Building Improvement Grant Program is to fund projects to be completed within twelve months, staff recommends approval of the extension because such an approval would be consistent with the broader visions of the New Era on Parrish Street and Downtown Master Plans, which include upgrading the aesthetics of street level spaces and creating more viable spaces for retail activity. Both plans are consistent with the Citywide Strategic Plan goal for a strong and diverse economy. The revisions to the original renovation designs are consistent with the plans and offer more flexibility in serving the needs of identified potential tenants.

Alternatives

The City Manager may choose to reject the recommendation extend the agreement or approve a different length of time for the extension. Such decisions may impact the abilities of this project to meet the broader visions of the aforementioned plans.

Financial Impact

Extending the contract by six weeks will have no financial impact as the amount of the grant will not change.

SDBE

An SDBE summary is inapplicable because no project-specific goals have been set and no SDBEs are involved in this item.

Attachments:

Amendment to Agreement between Empire Alliance Properties, LLC and the City of Durham for Building Improvement Incentives for Economic Development.